





## Published by:

the Australian and New Zealand Regional Science Association, Inc.

## Editorial Board:

Tony Sorensen, University of New England Ann Hodgkinson, University of Wollongong David Singe, Wheatbelt Development Commission, Northam

Please address all queries and correspondence concerning this publication to:Tony Sorensen, c/- Department of Geography & Planning, University of New England, Armidale, 2351. Tel: (067) 73 2880; Fax: (067)71 1787; Email: asorense@ metz.une.edu.au

Regional Policy and **Practice** is published twiceyearly for those interested in current regional development practice.

> ISSN: 1320-2960

## Regional Policy and Practice

Vol. 2, No. 2, October 1993

## **Contents**

Editorial		2
Frank Hurley	Local Government in Victoria: Reform at Last?	3
Jeff Lewis	The Development of Regions in WA - Policy and Practice	7
ACTU - Lend Lease Fo	oundation	12
Liam Ryan	Achieving Genuine Broad-Based Community Involvement in the Regional Development Process	14
Helen Monks	Funding of Regional Economic Development Organisations	17
Tony Sorensen	Key Recommendations in the Draft Industry Commission Report	21
	ek Kemp of the Queensland Departs and Regional Development for stati	

The Australian and New Zealand Regional Science Association Inc. is a non-profit organisation dedicated to the promotion efficient and effective regional policies through development research, education and the discussion of ideas.

used in this issue.

#### EDITORIAL

We noted in the last issue that the pace of regional development activity in State and Federal Government quarters is picking up. Among the activities noted were:

the House of Representatives Standing Committee for Long Term Strategies (see Papers in Regional Policy, Volume 1.2);

the Strengthening Local Economic Capacity (SLEC) programme using 'One Nation'

funds;

the Industry Commission which is looking into impediments to regional development; and

the NSW Legislative Council Standing Committee on State Development.

Since then, the last two enquiries have issued most interesting interim reports, and the Federal Minister for Industry, Technology and Regional Development, Alan Griffith, has set up a Task Force on Regional Development chaired by Bill Kelty, Secretary to the ACTU. The latter has cris-crossed Australia holding some 80 regional consultations. These were designed to elicit regional concerns about the factors impeding local development activities, and to pin-point regional events or initiatives that might be copied more widely to accelerate economic and social development.

The two members of the Task Force who visited Armidale recently were Councillor Peter Woods, President of the Australian and NSW Local Government Associations, and Dr. Margaret Bowman who has written extensively on rural community issues. Both were sensitive to the needs of non-metropolitan Australia, but also, I think, perceptive about the limitations of the regional development task.

Two other members of the Task Force, Councillor Paul Bell from Emerald in Central Queensland and Councillor Norm Cameron from Bendigo, will be providing the initial and concluding keynote speeches at the Regional Science Association annual conference in Armidale from the 6th. to 8th. December, 1993. Hopefully, they will be able to indicate in an informed way the current state of play in regional policy development across all tiers of government.

One potential source of worry about all of the e enquiries is that they approach regional policy analysis from three rather different perspectives. The draft Industry Commission report, true to the IC's general philosophy, is undeniably "dry" in its analysis of regional ills. This is apparent from its recommendations, which are presented and discussed briefly in my article in this edition of Regional Policy and Practice. For example, it advocates, in effect, further labour market deregulation, greater flexibility in work practices, a rationalisation of the numerous labour market programs, a 'differentiation' of environmental regulation, more rational public infrastructure investment, and so on. It also advocates regional development strategies that focus on making the regions in question more attractive to capital generally, rather than targeting particular industries.

In short, the IC opts to lubricate regional adjustment to changing circumstances. But the lubricant is, to mix metaphors, a cold shower at arms length! The message is, in essence, that we should get the big macro-economic picture right and regional adjustment issues will take care of themselves. There is little concession to the individual needs of particular problem regions; no warm embrace of place specific policy. However, there is much of value in the IC report and you should read it at all costs.

The IC also largely ignores the work of regional development practitioners at local government level. This is strange because, in one sense, local development initiatives represent the competitive market place at work, and may constitute an important element in the promotion of national efficiency.

The NSW Legislative Council report is much more ambivalent. In pursuit of balance and realism, it canvasses the arguments for and against 1) the conduct of regional policy at the State level and 2) particular forms of regional strategy. The result is a document that sits on the fence.

This outcome is not surprising. State governments have comparatively few means of influencing regional development in a substantial way. They have limited financial resources and little control over essential macroeconomic settings; they confront a wide divergence of regional well-being and opportunity; and they are in competition with each other for a slice of the national

development cake. Thus the States, too, increasingly see the improvement of State-wide government efficiency as the means to create a business climate conducive to investment. This may well indeed be the main game for the middle tier of government.

Perhaps it will be left to the Task Force to present us with the view from the third tier. Only time will tell. However, my guess is that the members of the Task Force will come to accept, with some regret, both the IC's general position and the realities confronting State governments.

In short, finance made available for 'creative' or 'innovative' regional policy is likely to be severely limited. There may be some recommendations for seed funding of selected regional development organisations – that meet specified performance criteria; for the training of regional development officers; for improved dissemination of information and ideas concerning regional development practice. Perhaps, too, some scheme of cooperative federalism may be devised whereby such activities are funded jointly by the Commonwealth and the States.

We turn briefly to the contents of the issue. As usual, we have a catholic range of material. It is encouraging that four states are represented: NSW, Queensland, Victoria and Western Australia. The topics also range widely across all tiers of government. Frank Hurley looks at local government reform, and Jeff Lewis examines the evolution of State regional policy in the West. Liam Ryan and Helen Monks both focus on local development mechanisms. Liam reports on Central Queensland attempts to engage communities more fully in defining problems and suggesting development options. Helen, in contrast, considers how the funders of regional development activities influence their management, functions and strategies. Finally, Tony Sorensen briefly considers some of the key recommendations from the important Industry Commission Report.

There is enough potential controversy in these contributions to encourage readers to write a letter to the editors – which we reserve the right to publish, or to write articles of their own.

> Tony Sorensen, on behalf of Ann Hodgkinson and David Singe

## LOCAL GOVERNMENT IN VICTORIA: REFORM AT LAST?

Dr Frank Hurley

Dean, Division of Arts, Education and Humanities. Ballarat University College

#### Introduction

In March 1969, the citizens of the tiny Borough of Koroit in Western Victoria were urged to a rally "to keep Koroit on the map". It was "MELBOURNE versus KOROIT - Put on your Guernseys, roll up and speak up". Koroit won. Fifteen years later, [in 1984], the Borough quietly merged with the adjoining Shire of Warrnambool on its own initiative. The story is remarkable for two reasons. First, the 1969 response typified the historic local reaction to every proposed local government restructure in Victoria. Second, the subsequent merger reduced the number of Councils in Victoria from 211 to 210. Until very recently, it was the only local government merger achieved in this state in 50 years. Over the same period, the number of local governments in bigger NSW was almost halved down to 175.

Committees of enquiry into local government chaired by Mohr (1962), Voumard (1972), Bains (1979) plus a raft of other agency reports in between recommended major structural change. Nothing happened. In 1986 the Cain government (Labor) bit the bullet. A new Local Government Commission under an enthusiastic young chairman, Stuart Morris, announced in February the principles and programme for a root and branch restructure. The state was divided into 14 "segments". Detailed "options" for each segment were presented along with implementation plans. The timetable was for consultations and decisions for all segments to be completed in 15 months and restructured councils elections to be conducted in August and November 1987. All hell broke loose. The Labor factions in the inner Melbourne councils and the outraged councils in non-metropolitan Victoria organised and mobilised. Legal injunctions, filibusters at segment consultations and street marches dominated the news. By September, the government had waved the white flag.

## The Current Attempt at Reform

Early in 1993, six local governments in the Geelong area were merged. In September the Kennett (Liberal) government dismissed the Melbourne City Council and announced a restructure of the City to include parts of several inner-city councils. All Melbourne's major cultural and recreational facilities are now included in the new City Councils area. The government has passed a Local Government (General Amendment) Act which establishes a Local Government Board. First among the functions of the Board is "to advise the Minister on matters relating to the efficiency and effectiveness of the system of local government in Victoria." (Section 220 A).

Under the Act, the Minister may respond to a request from a local government or of his/her own initiative ask the Board to conduct a municipal boundary review. The city councils of Ballarat and Bendigo requested the reviews currently occurring in those respective districts. Initial practice of the Board has been to assign these hearings to a division of itself - any group of up to three members including at east one member of the Board may constitute "a division". The hearing may be conducted as the Board determines. It may, "at its discretion have regard to all or any of the following considerations:

- (a) sociological, demographic, topographic, economic and employment patterns and factors in the area covered by the review;
- (b) community or diversity of interest in the area covered by the review, including community identity, expectations and involvement:
- (c) the impact of any proposals being considered by the Board on the accessibility to and the effective and efficient delivery of local government services in the area covered by the review;
- (d) the financial impact of any proposal being considered by the Board on the area covered by the review;
- (e) any other matters that the Board considers to be relevant. (Section 220 I).

Notice of Ministerial referrals and the terms of reference for a review of boundaries must be published "in a newspaper generally circulating

in any relevant municipal district" (Section 220)

Legal injunctions, filibusters at segment consultations and street marches dominated the news. By September, the government had waved the white flag.

The Board is required to submit an interim written report to the Minister on a review containing any proposals for restructure. The published interim report must give notice that a voters' poll may be requested. Such a request may be signed by 10% of voters in the "relevant area" defined as "the area comprising any municipal district that would be constituted if the proposal contained in the interim report is implemented". (Section 220 L). In its final report, the Board must consider any written submissions and the results of any poll conducted "The Minister must consider the final report before making a recommendation to the Governor in Council but is not bound by any recommendations made in the final report". (Section 220 M(2)).

At present, divisions of the Board are reviewing municipal managements in the Ballarat and Bendigo regions as well as in areas on the periphery of the City of Greater Geelong. There the ripple effect of the merger of the Cities of Geelong, Geelong West, Newtown, South Barwon, Corio, the Shire of Bellarine and parts of the Shires of Barrabool and Bannockburn have left residual territory to be incorporated into other, probably newly merged municipalities.

#### for against Arguments and **Amalgamation**

Seven years ago the "hands off" placards abounded and prevailed. They are re-appearing around regional Victoria but, more significantly, many municipalities are acknowledging acceptance of the view that "no change" is not an option in 1993 and some "friendly mergers" (of the largely rural Shires of Grenville and Leigh between Geelong and Ballarat, for example) have been mooted voluntarily. What has changed in conservative Victoria?

The arguments have not changed. With some

variations in emphasis according to local circumstances, the case for restructure of local government, particularly in inner Melbourne, the larger provincial centres and the small population rural shires has been much the same for decades. In brief it is that:

- urban growth has left us artificial 19th century boundaries in single communities of interest.
- planning for land use, recreational, social, cultural and welfare infrastructure and services in inefficient and the costs of provision are inequitably shared.
- decision-making authority is fragmented and resources are dissipated; a single local government authority marshalling resources and making decisions in one council rather than 9 (Geelong as it was), 6 (Ballarat) or 5 (Bendigo) is better able to promote development and less confusing to potential investors.
- many shires are too small to be viable and their administration costs are excessive.

Nor have the arguments against restructure changed over the years. In brief they are that:

- resource sharing and coordination among councils can produce economies and efficiency; alleged economies of larger councils are not proven.
- areas may lose their identity and citizens their accessible representation in larger councils.
- rural interests will be swamped in large provincial city councils.
- well managed, debtless municipalities should not be obliged to pick up a share of the debts of profligate neighbouring councils.
- forced restructure is not democratic.

A host of other debating points from head and heart are cited by opponents of change. Most of these focus on the past or the immediate future (staff retrenchments and rate adjustments, for example) rather than strategic considerations.

#### Why Now?

What has changed in Victoria is the context and

the government. Specifically:

- the Kennett coalition government has a strong leadership core centred on the Premier (who has frequently stated that he wants fewer local governments) and the Treasurer. It is a government of the radical right.
- the government uses the perception of a public finance crisis to enable it to drive through policy changes.
- swift, determined action in transport, education and health policy areas where the previous Labor government failed to achieve significant change has shown councils everywhere the Kennett government's strength and commitment to deregulation and restructure.
- the government has a clear majority in both chambers of the Parliament.
- the prolonged recession has made the raising and expenditure of public funds subject to greater scrutiny. The costs of local government are increasing; funds from State and Federal sources are reducing. There is less scope to use ratepayers' money on overt anti-restructure campaigns.

... a single local government authority marshalling resources and making decisions in one council ... is better able to promote development and less confusing to potential investors.

Apart from these broader contextual changes, at the local level the 1986 saga probably did set more people thinking about local government. It led to a reform of internal boundaries thereby correcting some gross gerrymanders. In some provincial local government areas, for example, up to 80% of a shire's population lived in 2% of a shire's area in a riding returning perhaps 25% of the councillors.

Also, the arguments aired in 1986 provided a backdrop against which the gap between the reality of territorial interest and the rhetoric of cooperation has been starkly illustrated in many places. In Ballarat, for example, the urban

population of about 85,000 is governed by six councils. Attempts to reach agreement among the six on the site and shared funding of a new regional surviving centre dragged on for about a decade.

So subsequent squabbles among and temporising by neighbouring councils have reinforced the arguments of 1986 and earlier advocates of restructure; hard times have concentrated minds on achieving economies. But if the Kennett government has had,, fortuitously, a setting more propitious for local government change in Victoria than did its predecessors, it has also been tactically much smarter than the Cain government was in 1986. It amended the Act to give the government legally unchallengeable authority to achieve restructure and less scope to local governments to resist. The Cain government did not have a majority in the Legislative Council and would never have been able to achieve this legislative framework for reform.

But the Kennett government and the new Local Government Board have also been more politically astute in approaching municipal restructure serially rather than comprehensively, as in 1986, with simultaneous proposals covering the whole state. The latter approach allowed hostile councils everywhere to combine in systematic, well-resourced opposition. In the long run, the swift, decisive strike in restructuring Geelong may well be seen as the signal that even the most stubborn opponents of change elsewhere recognised as presaging a new order. In the case of Geelong, the government had both solid evidence of local support for restructure there and a symbol for change elsewhere.

But if the Kennett government has had,, fortuitously, a setting more propitious for local government change in Victoria than did its predecessors, it has also been tactically much smarter than the Cain government was in 1986.

The Geelong Regional Commission was abolished when the Greater Geelong Council was created. It is likely that regional boards of the type operating in the larger provincial centres would cease to receive State government funding were single councils to be created in these centres. More problematic is the future of water

boards. Many regional municipalities in their submissions to the Local Government Board reviews are pointing to the de facto planning powers these board exercise. This issue involves cross ministerial portfolio complexities but hopefully rationalisation of local government will take account of this anomaly.

In the long rung, restructuring of boundaries may not be the most significant local government changes under the first Kennett government. In a deregulated, privatised ethos for public sector agencies and instrumentalities, requirements for competitive tendering for specified portions of a council's expenditure or works and services above a given cost will influence the organisation and staffing of councils. We might expect more entrepreneurial councils developing specialist contract services to public and private sector users. Blue collar staff of Councils maybe very vulnerable under this regime as were school cleaners in the State education system. Victoria may become the pacesetter in municipal change, whether for better or worse, rather than the sluggard it has been.

A book entitled *Prospects and Policies* for Rural Australia will be published in November 1993. The editors are Tony Sorensen and Roger Epps (Department of Geography and Planning, University of New England) and the publisher is Longman-Cheshire. Copies should be available at the ANZRSA conference in Armidale. The first section examines significant processes and constraints affecting regional communities. Several chapters consider economic, social, political, environmental, and regulatory issues. The next section focuses on current problems. developments and policies involving transport, agriculture, mining, tourism, towns, and service delivery. A concluding section considers possible policy alternatives and responses.

# THE DEVELOPMENT OF REGIONS IN WA - POLICY AND PRACTICE

Jeff Lewis

[Jeff Lewis is a Senior Policy Analyst in the Western Australian Government. The views contained in this Paper, however are his alone. They should not be considered to represent or to reflect those of Governments, past or present. The author would be happy to discuss the Paper and to supply additional information.]

#### Introduction

Regions, both within Western Australia and across Australia, face one certainty – continual change. For some regions this change will be gradual, for others it will be radical. In many cases the change, either positive or negative, will be a consequence of the policies and practices adopted by all levels of government.

This paper provides an overview of development policies and practices adopted by governments in Western Australia, and applying to all regions including the metropolitan area. The focus is primarily on activities at the State level.

A brief history of development in Western Australia is followed by more detailed discussion of the policies and practices developed between 1983 and 1993 by the recently deposed Labor government. Finally, consideration is given to the announced regional development promises of the recently elected Liberal/National party Coalition Government.

#### Development Of Regions In Western Australia – An Historical Perspective

Since Federation, in 1901, the State of Western Australia has grown and developed significantly in every sense. However, the development process has not always been smooth nor has it necessarily occurred uniformly across regions.

The State's share of the national population had grown to about 9% by 1989, and it is projected

to increase to 12% by 2021. With this rise in population there has been a concomitant increase in economic activity.

Western Australia presently has nine country regions. Table One provides an overview of population distribution within these regions, with some projections to the Year 2021 based on a range of scenarios.

It is evident from the Table that Western Australia is a highly urbanised State with a major primary city and sparsely populated, but again predominantly urbanised, country areas.

Although the regions have contributed greatly to the State's economic development and growing wealth, they often do not benefit directly in terms of population growth, income, employment, or provision of services. The lack of uniformity in regional development in the past reflects numerous complex factors. These, several of which have the potential to affect future development, include:

- the past and present distribution of the State's population;
- the location of economic opportunities;
- infrastructure development (and maintenance);
- service provision (and maintenance);
- cost of living differentials;
- identification and development of new economic opportunities in mining, agriculture, services and tourism; and
- physical and environmental factors such as the distribution of mineral resources and the location of water, etc..

The influence of policy related to these and other factors has been examined, for instance, by Gunn (1985), and Higgins (1989). They have suggested that State policy responses – and not just in Western Australia – have been largely piecemeal and uncoordinated with other objectives. They are consequently inept and incapable of alleviating the specific problems faced by rural communities, individuals, and businesses. Indeed, most Commonwealth, State and Territory regional policy has, in the eyes of many commentators, failed dismally to bring about significant or sustainable regional development – as measured by population,

employment generation and maintenance, and other economic and social variables

The reasons for the failure of regional policies may not, however, relate to the policies themselves as much as to their application. For instance, the National Population Council (NPC, 1991) claims that, "active decentralisation (regionalisation) policies have been short-lived, under-funded, and under-supported by government".

Western Australia's regional policy approach is, according to Gunn (1985), two-fold. It is partly 'development' based – that is, policies tend to

increased numbers of people and the level of economic activity, contribution to Gross State Product and employment outside the metropolitan area, the policies in reality have been largely ineffective in terms of the proportions of people now (1985) located outside the Perth Statistical Division".

Evidence from more recent work, particularly that done at the national level by EPAC (1991) and the NPC (1991) and locally by Department of Planning and Urban Development, would appear to support Gunn. Additionally, and perhaps of more concern, is the present proposal that the degree of centralisation further

Table One

## Projected Population, by Statistical Division

Year	Low Actual ('88)	Medium	% of State Population	% Change	High
PERTH					
1988 (a)	1118771		72.42	4 50	
2001	1450572	1506732	74.21	1.79	1563732
2021	1817865	2011819	75.40	1.19	2210604
COUNTR	RY				
1988 (a)	426235				
2001	504860	522816			540862
2021	593081	656033			720873
2021	373001	030033			720075
STATE					
1988 (a)	1544806				
2001	1955432	2020148			2104594
2021	2410946	2667852			2931477

(a) Estimated Resident Population at June 1988. Source: ABS

assume that regional development will 'follow' development in other portfolio areas, for example mining and agriculture. Secondly, it is 'decentralisation' based, comprising policies that specifically address the requirements of non-central areas.

Gunn concludes that, "... development policies have failed to alter to any significant degree the structure of the Western Australian economy". And that, based on the work done in her study that, "... development policy has contributed to the centralising influence of Perth...". In respect to decentralisation policies she says, "... while seemingly successful in terms of

increase as we progress into the 21st century.

In Western Australia, despite claims from political parties of all persuasions that the regional areas are critical to the success of the State, a clear, coherent and comprehensive regional policy has never been developed. This apparent failure by government to clearly articulate a regional policy does not make it atypical. Higgins (1989) comments that, "... the regional policy response in Australia has not been well adapted to the actual regional structures and the actual regional disparities (that exist)".

Higgins notes that Federal government interventions fall under the heading of 'fiscal federalism' - concerned with standards of public services and re-dividing the revenue pie among States — and that State interventions have been concerned with improving the quality of life in capital cities, decentralisation (regionalisation) to smaller centres, and competing with other States to secure industrial development.

Although no government in Western Australia has hitherto had a clearly articulated policy on regional development, it does not mean that the regional areas have developed in a policy vacuum. Regional development has been shaped, both explicitly and implicitly, by policies in several portfolios. Those concerning industry, mining, agriculture, land transport, and, to a larger extent than many would realise, urban development have been particularly important.

Although such policies have undoubtedly contributed to the State's successful development so far, greater gains, particularly at the regional level, could have resulted perhaps from more integrated policies. The failure to develop and articulate a coherent regional policy means that regional futures will continue to be conditioned by responses to urban problems, rather than regional opportunity. Urgent consideration therefore needs to be given to whether the State can afford current somewhat arbitrary processes continuing into the 21st century.

#### Regional Policy - 1983 To 1993

During this period, Labor asserted that regional development policy was a major element in its commitment to country residents and the general growth of the State's economy.

On coming to power in 1983 under Brian Burke, Labor provided a State-wide focus for coordinated regional policy through both 1) the Department of Regional Development and the North West, and 2) the South West Development Authority – for the South West Region. At the outset, there was no explicit regional policy.

Nevertheless, several general regional policy and/or practice initiatives were developed.

• A Regional Purchasing Policy assisted regional businesses to access government contracts.

- Several Regional Development Authorities were created South West, 1984; Great Southern, 1987; Geraldton Mid-West, 1988; Goldfields Esperance, 1990, and the Pilbara Development Commission, 1992.
- The Department of State Development was created in 1990 by amalgamating previously existing 'development' departments responsible for resources, economics, trade, and Regional Development and the North West.
- The lead-up to the 1993 election saw the announcement of the 'The Regional Advantage' strategy. This led to the creation of a further four Regional Development Commissions:- Kimberley, Gascoyne, Wheatbelt and Peel.
- Finally, the ALP State Platforms of 1989 and 1991 offered perhaps the clearest indication of the government's regional development intent.

The failure to develop and articulate a coherent regional policy means that regional futures will continue to be conditioned by responses to urban problems, rather than regional opportunity.

These changes appear to have the ongoing support of the new coalition government. Thus regional administration has shifted over a ten year period from a largely centralised system to a situation where each of the nine regions will be developed and administered through locally based organisations. The former was based on a central office and a number of regional offices. In contrast, the emerging system is significantly independent from central control and direction due to its legislated status.

#### COALITION POLICY - 1993 onwards

The Court coalition government was elected in February 1993 with a range of platforms which will affect regional development.

Prior to the election, the coalition government issued numerous policy statements related to a broad range of portfolio areas. A specific regional policy was not included. However, it

regions by drawing on the various portfolio platforms these include the North – including the Pilbara and Kimberley; the Midwest including Gascoyne and Geraldton; Wheatbelt; Goldfields – focused predominantly on Kalgoorlie; Great Southern; South West; and Mandurah – effectively the Peel region.

Additionally, both member parties of the Coalition produced economic platforms: Liberal - Fightback WA, National - Economic Development, and a Regional Development Policy. These documents, however, are not coalition policy and, although the 'broad' thrusts are largely the same, many position differ in the coalition platforms. The latter imply that future regional growth will occur through a trickle down effect of broader 'development' activities.

The involves the development of 'base industries'; that is, mining and primary industry, and tourism. The government will seek to facilitate growth in these areas through policies related to energy, water resources and transport. This economic thrust is supplemented by social policies concerning health and law and order. Several promises concern the upgrading of hospitals and other services, while the law and order proposals have implications for facilities and staffing.

Environmental controls are likely to be relaxed to facilitate 'development', as indicated by proposals to fast track industry development and to 'allow' exploration in national parks - both land-based and marine.

The main regional development proposals gleaned from the enterprise and regional platforms appear to comprise:

- that regional development be the responsibility of one senior Minister;
- that the structure of all development authorities or commissions be reviewed to ensure they are relevant to the region they serve;
- that consultations be held with 'local' communities about the appropriate grouping of districts in a regional area; and
- that the Authorities or Commissions do not have the authority to incur debt or to spend money on projects.

If implemented, these proposals are likely to assist the growth of regional areas. However, development is likely to remain largely 'uncontrolled' because, with the exception of one statement related to the creation of 4000 jobs in Bunbury, specific targets for employment creation or population change have not been made.

#### CONCLUSION

Western Australia is perhaps now best placed of the States to create a clear, comprehensive regional policy. Moreover, failure to develop such a policy is likely to continue to expose the State to significant problems in both the urban areas and the regions. In particular, decisions made now about population growth, the settlement system, infrastructure investment, and employment will influence the State's regional economic, social and environmental structure during at least the next two or three decades.

If Western Australia is to continue to flourish it needs to examine its development policies to address such issues as:

- how the population should, rather than will, be settled in Western Australia to facilitate balanced and sustainable economic, social and environment development in the interests of both State and nation;
- what regional areas in WA can contribute in the future and how it can be realised to the maximum extent;
- how overall economic performance and social conditions might be maintained and/or improved;
- how the State will accommodate a growing population and continue to grow economically without seriously degrading the environment;
- how the State will manage the various economic forces that shape its economy and take into account that much of our present economic strength is based on the non-renewable resource development and primary production processes with limited capacity to increase yield. Consideration must also be given to the susceptibility of these areas to changes in world demand for, and the pricing of, such commodities; and

 how the State will develop in the context of changing international and national economic, social and environmental variables.

After giving consideration to these and other questions, an explicit, comprehensive and coherent regional policy should be developed. Whether the policies are ultimately pursued are, after Gunn, development policies or decentralisation policies may indeed be a moot point because as Higgins suggests, "the issue is not to 'decentralise'. The issue is to find a means to ensure that capital and human resources are fully employed in centres of all sizes, that the economic activities of all centres are appropriate to the characteristics of each, that the activities are efficient and highly productive, and that the quality of life is as high as possible in all centres."

To these ends, government should give consideration to the development of coherent and comprehensive policy settings that:

- balance resource allocation across regions with a view to achieving a significant restructuring of population settlement and employment location;
- shift, or balance, the location of power. This should not be taken to imply that regionalisation or decentralisation of power should predominate. However, the policy settings should allocate control in the most appropriate manner;
- use, as appropriate, policy settings which address the following polarities:
  - urban rural/regional
  - spatial sectoral;
- recognise that the imperative of economic efficiency may indeed not always produce the 'best' result for the State, region(s) or individuals;
- address the short, medium and long-term aims and objectives of the State, region(s) and individuals;
- examine the role of major regional centres in any development strategy;
- provide support for small town economic renewal based on a self-help approach which emphasises local participation, local control, local ownership, and local benefit.•

#### References

- 1 Department of Planning and Urban Development Population Projections for Western Australia and its Statistical Divisions: 1988-2021. November 1991.
- 2 National Population Council Population Issues and Australia's Future Environment, Economy and Society, AGPS, Canberra, 1991.
- 3 Economic Planning Advisory Council *Urban and Regional Trends and Issues*, Council Paper No 46, January 1991.
- 4 Higgins B Conclusion: Implications for Policy in Higgins B and Zagorski K (eds) Australian Regional Developments Readings in Regional Experiences, Policies and Prospects, Office of Local Government Publication No 10, AGPS, Canberra, 1989.
- 5 Gunn S A Critique of Regional Policy in Western Australia 1959-1981. Thesis presented for the Degree of Bachelor of Arts with Honours, Murdoch University, 1985.

#### THE WAY WE WORK

Information supplied by **Derek Kemp**, Queensland Department of Business and Regional Development.

#### · Casualisation of Employment

- 20 per cent of jobs are part-time (expected to increase to 50 per cent by year 2000)
- 40 per cent women work part-time (increased by 143 per cent over 1966-89)
- only 30 per cent part-time workers want to work longer hours
- 20 per cent employees are casuals (a 90 per cent increase between 1982 and 1989)
- only 30 per cent casuals work full-time (70 per cent work part-time)
- twice as many women work casually than men

## Multiple careers (loss of job stability)

- 20 per cent of all full-time jobs disappeared over the period 1970 to 1983
- 25 per cent of full-time male jobs were lost during 1970 to 1990
- currently workers expect to change careers three times in their working life. We may expect this to increase to five times.

## ACTU-Lend Lease Foundation

[Editor's Note This paper is adopted from material supplied by Kevin Power, Executive Director of the ACTU-Lend Lease Foundation. See the panel at the end of this item to obtain further information. It is an excellent example of how some of Australia's better run corporations are able to promote community welfare without damaging their share-holders interests.]

## Origins

The ACTU-Lend Lease Foundation is a unique example of a partnership between Australia's peak union body and a large corporation. It was formed as a joint venture between ACTU and the Lend Lease Corporation in 1981, when the current Chairman of Lend Lease Corporation, Stuart Hornery, saw the need to respond to an imbalance between youth unemployment and continuing skill shortages in Australia.

This co-operative venture between the ACTU and Lend Lease commenced with a simple charter: 'to help people to acquire skills for work'. The Lend Lease Corporation provides the Foundation with an annual grant - with funding in the vicinity of \$4 million to 1991. A further \$2 million has been committed for the period 1992-1995. This commitment was formalised at the 1991 ACTU Congress.

Ten trustees, five from the union movement and five from Lend Lease guide the Foundation's activities and assist implementation of projects. For the first ten years, the Foundation's major focus has been to foster and develop group training companies through both direct financial assistance and providing strategic guidance and advice. The Foundation's support is directed to practical, relevant and business-like approaches to skills development.

Reflecting on the decade ahead, the Foundation's future plans signify a shifting emphasis. In response to the very significant issues on Australia's industrial reform agenda, the role of the Foundation has been recast as:

'supporting innovative projects to assist people to gain skills for work and to improve the workplace'.

As a consequence recent projects have included innovative housing projects, retail skills centres, sponsorship of training initiatives for aborigines, financial traineeships, sponsorship of a development process for jewellery designers (WADI '93) and skills development initiatives in the horse-racing industry.

#### Group Training

The Foundation's active and sustained support for group training is reflected in the significant growth from a few companies in 1981 employing under 400 apprentices to a situation where 110 companies now employ around 14,000 apprentices and trainees. The group training concept is recognised widely as a vital element of Australia's skills formation effort. Over 20,000 small/medium firms participate as host trainers, and over 20,000 young people have completed their training under group arrangements.

... the employment of females in traditionally 'male' trade categories is twice the national average and currently over 300 Aboriginal apprentices and trainees are employed by group schemes.

Group training has been effective in achieving equity outcomes, the employment of females in traditionally 'male' trade categories is twice the national average and currently over 300 Aboriginal apprentices and trainees are employed by group schemes.

#### Housing Industry

The Foundation initiated a notable training innovation in the housing construction sector. A pilot program, commencing at Liverpool [NSW] in early 1992, involved bringing together a diverse set of co-venture partners in trialing a new method of delivering apprenticeship training. The key parties were Liverpool Council (land provider), AV Jennings (builder), the HIA Group Scheme (employer) and TAFE (curriculum, site instruction). The Foundation was instrumental in conceiving the project, raising financial support, and chaired the project co-ordination group that oversighted the pilot at Liverpool.

As a vehicle to test a range of new approaches. 28 apprentices, many of whom were out-of-trade, were required to build 26 houses in a

'real life' commercial setting, simultaneously receiving on-site TAFE supervision and instruction from a portable classroom. The training model thus integrates the formal aspects of learning with actual building work. The project was premised on the need to address the inadequacies in the building industry's training system, with intakes tied to the business cycle, retrenchments a common feature of downturns and skill shortages characterising economic recovery.

The pilot program has successfully demonstrated the model's counter-cyclical advantages, and it addresses current developments in accelerated training delivery based on competency assessments. As apprentices are involved in the total building process, it also deals with the industry's requirements for a broad range of skills — an aspect that has not traditionally been recognised with the dominance of small, specialised subcontracting firms.

Arising from the Foundation's submission to the Prime Minister's Youth Summit, \$2.2 million has been allocated to assist up to 20 projects based on the successful Liverpool model. The National Advisory Committee has received applications from group training companies across Australia for 22 housing projects to data. Ten have been approved as at August 1993.

- Wattle Grove, NSW 30 houses for the Defence Housing Authority benefiting 40 apprentices.
- Glendalough, WA 20 unit development for Homeswest involving 35 on-site apprentices.
- Roxburgh Park, VIC two projects building low cost homes for the Ministry of Housing employing 35 apprentices.
- Rockhampton, Gladstone, Mackay, Gold Coast and Brisbane, QLD - four projects building 70 homes and units, employing 155 apprentices and one trainee for the Department of Housing, Local Government and Planning.
- Darwin, NT 12 houses and 10 units for disadvantaged people involving 30 apprentices.
- Wyong, NSW 15-20 low cost homes for the Department of Housing along the

30-40 Central Coast employing apprentices.

#### Retail Skills Centres

The Foundation has conceived and developed a pilot program involving group training companies in the management of retail skill centres in four regional shopping centres in NSW — Penrith, Bankstown, Campbelltown and Erina. This program is being extended nationally, with new centres now open in Cairns

Arising from the Foundation's submission to the Minister's Youth Summit, \$2.2 million has been allocated assist up to 20 projects based on the successful Liverpool model.

(QLD), Coburg and Footscray (VIC). These centres will provide retail career opportunities, with retail skills and job preparation courses for about 400 young people over the next twelve months.

The project aims to expand and enhance structured training and career development opportunities in the retail sector, a major area of employment in Australia. Again, this initiative is an example of how the Foundation works to achieve effective partnerships in training. In this case, the Foundation, shopping centre owners, the Commonwealth and State Governments are providing funding.

These skills centres have been developed in close association with the NSW Retail Industry Training Council. Retail trainees will be rotated amongst shopping centre retailers (acting as host trainers) for the duration of their training, using the resources available through group training companies. Their off-the-job training is completed in the skills centres at each location.

Amongst the many benefits that arise from this important venture are that retailers have access to carefully selected and formally trained staff and a relevant, accessible and accredited entry point is available to school leavers and mature age people (especially women)..

## **ACTU-LEND LEASE FOUNDATION CONTACT**

#### **EXECUTIVE DIRECTOR**

Kevin Power

**EXECUTIVE ASSISTANT** 

Vicki Sowter

Level 2, Plaza Building, Australia Square SYDNEY NSW 2000

Telephone: (02) 237 5155

Facsimile: (02) 231 5518

The 1993 National Conference of the Australian and New Zealand Regional Science Association will be held in Armidale, NSW on the 6th to 8th. December inclusive. It is not too late to enrol.

For further information phone Dr. Tony Sorensen on (067) 73 2880 or use the following fax number: (067) 71 1787.

Failing that, contact Julian Morison at the Department of Agriculture and Resource Economics, University of New England. ph. (067) 73 2282; fax (067) 71 1531.

## ACHIEVING GENUINE BROAD-BASED COMMUNITY INVOLVEMENT IN THE REGIONAL DEVELOPMENT **PROCESS**

Liam Ryan

Faculty of Business, University of Central Queensland.

#### Introduction

This article explores a range of practical study design considerations that need to be addressed if bottom-up input is to be effectively engaged in the regional development planning process. The recently completed Central Queensland Regional Economic Development Strategy Inception Study (CQ RED STUDY) is used to illustrate how several commonly used information gathering and marshalling instruments can be combined to engage and maintain broadbased community participation throughout the duration of a study covering several subregions exhibiting significant geographic and economic differences.

The challenge for a study team embarking on a major regional development strategy study is to ensure that the entire spectrum of community interests, not just recognised key players, are drawn into the planning process as voluntary contributors. It is important that community involvement is perceived to be balanced spatially as well as balanced between interest groups who may put forward conflicting views on specific issues. In addition genuine community involvement is desirable as distinct from the contrived, peripheral or pseudo involvement that characterised many (but not all) of the participatory planning studies of the 1960s and 1970s. However, the constraints imposed by study budgets and time-frames can detract from the quality of community involvement given that the more comprehensive and deeper the consultation, the more expensive and timeconsuming it becomes.

#### CQ RED Study: Original Consultation Agenda

The Terms of Reference of the CQ RED Study stressed the need "to ensure that effective consultation with the regional community was instigated and was maintained throughout the Study" (p.19). This could be interpreted as being a tall order given a study budget of only \$65,000, a nine month time-frame and a study target area of 564,539 square kilometres which is approximately one third of the total area of Queensland. This vast area, with a population of 298,732 at the 1991 Census, contains thirty-two Local Government Authorities (LGAs) which have voluntarily aligned into five subregions or economic zones, each with its own Regional Development Organisation (RDO).

The Regional Development Managers (RDMs) of these five RDOs agreed to becoming the Consultative Committee through which effective two-way communication was maintained between the Study Team and the five RDMs who in turn kept the management of their respective RDOs informed and maintained meaningful two-way information flows between their private and public sector members and the Study Team.

The challenge ... is to ensure that the entire spectrum of community interests, not just recognised key players, are drawn into the planning process as voluntary contributors.

The original study design provided for primary community input to be provided through a *Needs and Opportunities Survey* using a self-administered mailed questionnaire administered after up-to-date *Statistical Profiles* had been widely distributed throughout the Region. The key findings of this survey were dispatched to RDMs for distribution to provide a firm basis for discussion and strategy formation at the sub-regional level where RDMs could provide direction and leadership.

The second phase of consultation involved a one-day Consultative Committee Workshop chaired by the Study's Project Managers and structured around the presentation of draft subregional development strategies drawn up by the RDMs after extensive consultation at the sub-regional level. These draft strategies had to be subjected to the close scrutiny of the other RDMs and the Project Manager - a process designed to strengthen their strategic thrust and sharpen their focus in the light of a thorough assessment of each Sub-Region's resource base

and recent demographic and economic trends. A further anticipated outcome of this Consultative Committee Workshop was the emergence of clear policy pointers, where common ground was perceived to exist, that would assist in framing the overall regional development strategy for the Region as well as draft recommendations for Study Management Committee consideration.

The third consultation phase involved placing these refined draft strategies on the public discussion agenda, and by means of a professionally facilitated one-day Public Workshop, test the response to the main elements of the emerging overall development strategy.

The original study design provided for primary community input to be provided through a Needs and Opportunities Survey...

The fourth and final consultation phase was designed as an Expert Panel Review of what were now approaching the final strategies and recommendations of the Study. The Expert Panel could seek clarification from RDMs, or any key player who did not mind being identified, on any aspect of the sub-regional strategies. This was a watchdog function also insofar as the Expert Panel could verify the sources of particular strategic policy strands. The Expert Panel was also entrusted with the task of ensuring that the overall CQ development strategy was consistent with and supportive of each of the five sub-regional strategies despite the distinct possibility of the non-emergence of a congruence of interests on all issues.

Two key features of the original consultation agenda were: (i) heavy reliance on RDMs to provide regular feedback to their organisational membership on the interim findings of the study, while at the same time ensuring that community feedback and other input was delivered to the Study Team, and (ii) through local media and informal channels progressively disseminating vital demographic and economic information on each sub-region, so that each successive consultation phase could proceed on a more informed basis.

The Need for Further In-depth Consultation

The decision by the Queensland Government Department of Business, Industry and Industrial Development (DBIRD) to conduct a series of six LGA-based Future Search Workshops in the Central West Sub-Region in mid 1992, which led to a further five of these workshops being conducted in the Central Highlands Sub-Region, provided a considerable deepening and enriching of the consultation process in these sparsely populated areas.

Furthermore, the opportunity for the CQ RED Study Project Manager and a member of the Study's Management Committee to participate in the co-facilitation of four of the Central West Future Search Workshops led to the conclusion that the Needs and Opportunities Survey on its own was incapable of providing the necessary strategic directions for the Mackay, Rockhampton and Gladstone Sub-Regions that would not have the benefit of the enthusiastic community commitment generated by these interactive front-end planning exercises. There was a need for further in-depth consultation.

... Future Search Workshops in the Central West Sub-Region in mid 1992 ... provided a considerable deepening and enriching of the consultation process in these sparsely populated areas.

Additional insights were provided through another DBIRD / LGA jointly funded project in which two members of the Study Team were involved - the Miriam Vale Economic Strategy Study. In dealing with a single LGA it soon became evident that there were important key players, who for one reason or another may not be represented by the relevant RDO and that one-to-one contact often provides valuable information that would not surface in the environment of a Future Search Workshop. A third DBIRD funded initiative in the form of inputoutput projections from 1990 to the year 2001 for the Mackay, Fitzroy and Central West Statistical Divisions directed attention towards the need for global projections for the major CQ commodity items in order to vest the study with more robust strategic content.

The result of taking these considerations into account was a considerable expansion on the

Study Brief "to incorporate in-depth interviews of key private and public sector stakeholders and to assemble and interpret global commodity projections for the main CQ commodities viz coal, beef, grain, wool, sugar, cotton and minerals" (p.21). To accomplish these additional tasks a further \$40,000 funding was needed and the original study time-frame had to be extended by five weeks.

In-depth interviews were conducted with selected key private sector players in each of the three coastal sub-regional using experienced interviewers who were subsequently de-briefed by the Study's Project Manager. A similar set of interviews was designed and carried out with public sector regional mangers.

These in-depth interviews provided clearer direction on a whole range of issues that had been raised through unsolicited information provided by the *Needs and Opportunities Survey*. The findings of both these finely targeted exercises supported those yielded by the Future Search Workshops and the *Needs and Opportunities Survey* but provided better information for priority ranking and subsequent strategy design.

#### Conclusions

A range of information gathering instruments, including Future Search Workshops, attitudinal self-administered questionnaires, in-depth interviews with selected key players, structured workshops with coal-face operators, (RDOs), professionally facilitated public workshops and one-to-one structured discussions between Study Team members and community representatives, can be effectively combined to ensure that bottom-up input is genuinely engaged in the regional strategic planning process.

Moreover, the continuous provision of selective strategic information and summaries of the interim findings of the Study increases the quality of community input and encourages the emergence of strong community commitment and the continuation of community involvement through the formation of constructive alliances with professionals. Genuine consultation throughout the successive stages of a study leads to greater community awareness of the need to plan now in order to create desirable futures. The mix of bottom-up and top-down that is contained in the final product is difficult to ascertain as the original source of an idea or strategy element tends to be overlooked in the interactive planning process. A sense of partial

ownership in the end result is evidence that the proposed set of strategic directions is the product of a joint effort.

The important role of the RDM in maintaining continuity of interest at the sub-regional level was demonstrated clearly in the case of the CQ RED Study. The RDMs created the collaborative environment to ensure the blending of bottom-up and top-down input in a manner with which all participants were comfortable.•

#### Sources and Further Information

- Central Queensland Needs and Opportunities (Attitudinal) Survey Report (1993), Background Report No. 3, Central Queensland Regional Economic Development Strategy Inception Study, University of Central Queensland, February.
- Central Queensland Public Sector Regional Chief Executive Officer Survey Report (1993), Background Report No. 5, Central Queensland Regional Economic Development Strategy Inception Study, University of Central Queensland, February.
- Miriam Vale Regional Economic Development Strategy Study Report (1993), Background Report No. 9, Central Queensland Regional Economic Development Strategy Inception Study, University of Central Queensland, February.
- Private Sector Stakeholders Survey Report (1993), Background Report No. 4, Central Queensland Regional Economic Development Strategy Inception Study, University of Central Queensland, February.
- Robinson, J.J. and Jensen, R.C. (1992a), *Projections of* the Nature and Structure of the Fitzroy Region, 1990 - 2001, Regional and Urban Economic Research Unit, Department of Economics, University of Queensland, April.
- Robinson, J.J. and Jensen, R.C. (1992b), Projections of the Nature and Structure of the Mackay Region, 1990 - 2001, Regional and Urban Economic Research Unit, Department of Economics, University of Queensland, April.
- Robinson, J.J. and Jensen, R.C. (1992c), *Projections of* the Nature and Structure of the Central West Region, 1990 - 2001, Regional and Urban Economic Research Unit, Department of Economics, University of Queensland, April.
- Ryan, L. (1993), Strategic Directions, Final Report, Central Queensland Regional Economic Development Strategy Inception Study. University of Central Queensland, February.

## FUNDING OF REGIONAL ECONOMIC DEVELOPMENT **ORGANISATIONS**

HELEN MONKS Ph.D Candidate, University of New England, Armidale

#### Introduction

Regional development organisations (RDOs) primarily aim to increase the pace and diversity of economic growth in their localities or, where adverse structural change requires economic adjustment, to avoid or reduce the rate of economic decline. Economic growth and rising population benefit regional communities in many ways: lower unemployment, more services, better quality living environments, and lower out-migration, to name but four (Mason and Smith, 1992). Thus RDO programs tend to emphasise economic policies and strategies more than social and environmental considerations. That is also true, even when the programs pursue strategic defence or political ends.

In common with other developed countries, Australia has two main models of funding for RDOs: the "top-down" approach, where central (State or Federal) government provides the funds and the objectives; and the "bottom-up" approach, where a regional or district community provides the bulk of the funds and determines the objectives.

In Australia, the life of regional development organisations tends to be short, that is, less than 10 years. A common reason for the closure or major re-orientation of such organisations is lack of money, either because government funders have changed their program or have withdrawn for other reasons, or because private funders discontinue their support. Short life cycles mean a lack of career paths for staff and of expertise at the management committee level. Equally, it could be argued that governments also lose the pool of practical experience and knowledge gained at the regional level.

In view of these deleterious effects, funding arrangements are important, especially where funding is insecure and funders' demands are contradictory or unclear. The trend internationally during the last decade has been provide the most significant inputs to the development process (Drabek, 1987). In this way, development objectives are articulated mainly by local people and are likely to gain the support of a large proportion of the community.

## Recent Australian History

From the demise of the Department of Urban and Regional Development in 1975 until the recent Federal election, regional economic development has not been a national priority. However, in March 1993, a new Office of Regional Development was established, though it has yet to indicate where its priorities lie. At least two groups are due to report in early 1994 in order to focus Federal programs for regional development.

During this two decade interregnum, many local councils or business groups in non-metropolitan Australia have established RDOs to develop their own regions, often identifying tourism as the major industry worth promoting. State government assistance was sometimes also made available in response to a local initiative.

Short life cycles mean a lack of career paths for staff and of expertise at the management committee level. Equally, it could be argued that governments also lose the pool of practical experience and knowledge gained at the regional level.

In a manner more akin to non-profit organisations such as charities and self-help groups, RDOs generally rely on persuading their stakeholder base that they should contribute financially for an indefinite period, either out of altruism, because they cannot do the regional development activity alone, or because there will be demonstrable or general returns to them or their businesses (Monks, 1991). It is common for the funders of an RDO to affect significantly its management structure, objectives and activities.

Some longer-term effects, which have been documented in organisations receiving overseas aid (Lissner, 1977), include:

- conflict between funders and organisations managements (over, for example, mission and priorities), and/or
- conflict between funders and the interests of the agencies' beneficiaries
- imbalances in organisations' programs, due to the impact of large government grants, or restrictions imposed on their expenditure
- forced changes to organisational style so that the RDO's style is more acceptable to funders
- the softening of agencies' advocacy role in order to avoid embarrassing particular funders
- deteriorating relationships with traditional (private and local) funders, because government funds are easier to secure or they run counter to local preferences.

It is common for the funders of an RDO to affect significantly its management structure, objectives and activities.

The author is currently studying the role of funders in the operation of selected Australian RDOs. The project examines how far the above processes operate and their effect on the achievement of organisational goals. Consequently we ought to consider the problem of performance assessment.

#### Performance Assessment

This task is extremely difficult, both for the non-profit sector in general and development organisations in particular. Indeed, RDOs rarely measure accurately the impact of their activities or the extent to which they achieve their goals. This situation stems from at least three critical factors:

1 Effective measurement of policy performance requires an estimation of likely regional economic conditions in the absence of the local development strategy. This goal is severely compromised by four matters: the extraordinary complexity of economic development processes; the fact that local processes or policies are largely dominated by extra-regional events; a general lack of the

relevant statistical data; and a shortage funds to carry out the necessary investigations. It is therefore difficult to disentangle policy cause and development effect.

- Moreover, the period over which policy performance is assessed will influence its perceived degree of success. The effects of a strategy will not usually show up immediately. Stage in the business cycle will also influence apparent outcomes. It is rather easier to implement a strategy in a period of up-swing. Conversely, it would be unfair to criticise a program that becomes trapped by looming recession. Yet the dynamics of reporting periods, funding cycles, elections, or the closure of a major employer may detrimentally affect an agency's performance assessment.
- Even if RDOs were serious about performance evaluation, it would be difficult to accomplish for personnel reasons. Most RDOs have a small staff and suffer a high turnover. Many operate with three or fewer salaried people. Moreover, Australian RDOs also tend to have Boards or management committees with mixed and rather unstable membership. Members are often nominated by one or more funding organisations. Rather than bringing specific regional economic development expertise, they tend, therefore, to bring their constituency's interests and a generally supportive but "amateur" approach to economic development. The resulting periodic shifts in goals and strategies mitigate against effective evaluation.

#### It is therefore difficult disentangle policy cause development effect.

Finally, achievements should perhaps be assessed not against stated goals but rather in terms of what it is possible to achieve realistically at the time. During a downturn in a region's key industries, the RDO may only be able to assist affected people to accept their current fate philosophically, help the affected industries replan their future, build up other existing enterprises and/or establish new ones. By contrast, boom conditions may enable the RDO to assist with employee recruitment and training, source capital, develop long-term plans and undertake for itself some discretionary activities that are impossible in constrained times.

#### Revenue

Few RDOs generate more than half their income from sources other than grants from government or commercial funders. To do so might compromise the RDO's raison d'etre and independence. An exception is the Albury Wodonga Development Corporation, which has been self-funding for over a decade, but which received more than \$20m in funding (principally from the Commonwealth Government) and a land bank in the mid to late 1970s following its establishment.

Unlike commercial organisations, RDOs generally do not have a range of products or services that they can develop, sell and update. Indeed in the case of many RDOs, it is a written or unwritten condition of funding that they do not develop such a range, particularly where it is in competition with local businesses.

Some RDOs obtain a measure of independence by seeking to maximise their receipt of unrestricted funds. These can be raised by community and/or commercial funding raising and by trading in whatever goods and services they can provide. The major sources of funds however remain those provided by all three levels of government. These funds almost always come with restrictions on their use.

If a tenable link can be made between funding, operations and performance, then the results for new and existing RDOs may indicate operating characteristics to either seek or to avoid.

For example, in 1991/1992 and 1992/1993 the Armidale Development Corporation (ADC, 1992) in northern NSW tripled its annual turnover by accepting two Government programs (one a Commonwealth/ State program, and the other a State program) which had tight restrictions on the purposes of expenditure. Nevertheless the ADC obtained a valuable support to its core activities, because the programs' administration was undertaken generally within ADC. This made a significant contribution towards ADC's overhead costs. The effect was to free up other "unrestricted" money for other purposes.

In contrast to agencies that receive international development aid, Australian RDOs suffer little political interference from funders. However, given the fact that most Australian RDOs have one year or less in advance commitments from funders, the threat of withdrawal or non-renewal in the case of "non-performance" is real. This affects staff more than committee members, as there is little job security, nor a career path.

Whilst there is an acknowledged wealth of factors affecting RDO activities, success and longevity, the key issue is the supply of operating funds. Work is currently being undertaken on a series of case studies of Australian RDOs to see what effects different funding relationships have had on them, and to see in what circumstances RDOs have made a major change of direction, either suddenly or in a gradual way, due to the influence of one or more funders.

If a tenable link can be made between funding, operations and performance, then the results for new and existing RDOs may indicate operating characteristics to either seek or to avoid. At best RDOs should be able to use the interpretation to improve their future chances for success. Government should be able to work more effectively in the regional development area by examining the effects of government versus other sources of funding.•

#### References

- Armidale Development Corporation (1992), Annual Report, ADC, Armidale.
- Drabek, Anne Gordon (ed) (1987), World Development, Vol. 15 Supplement, Autumn, Pergamon Press, Oxford, U.K.
- Lissner, J. (1977), *The Politics of Altruism*, Lutheran World Federation, Geneva.
- Mason, R. and Smith, S. (1992), Voluntary Regional Cooperation and Economic Development, 16th ANZ Regional Science Association Conference, Ballarat.
- Monks, Helen (1991) Managing Stakeholders in a Regional Development Organisation, Paper presented to the Pacific Regional Science Conference Organisation Meeting. Cairns, July.

#### SOCIO-ECONOMIC TRENDS

Information supplied by Derek Kemp, Queensland Department of Business and Regional Development.

## · Decline in Traditional Family

- There is a major trend to single parent families
- The elderly are becoming divorced from their families

[The consequence of both these trends is a continued reduction in household size, with major implications for planning and development issues – Eds.]

## · Increased hours, Low Paid Growth

- 32 per cent of middle income male jobs disappeared (1970-90)
- 70 per cent of jobs created were in the bottom 20 per cent of weekly earnings in the period 1976 to 1990
- Over 17 per cent of people work more than 49 hours per week (up 55,200 in past year according to Access Economics)
- An increase in work outside the normal hours of 9 am to 5 pm

[All regional development practitioners should follow trends in the nature of work – Eds.]

#### Coming of the Third Consumer Revolution

- emphasis on value for money (instead of prestige)
- search for variety and convenience (shopping is becoming a chore rather than a recreation)
- the quest for anxiety free consumption
- the development of numerous small firms serving niche (specialist) markets. In retailing this means customers paying a premium for hassle free convenience

[This trend is likely to have adverse consequences for smaller rural communities Eds.]

## KEY RECOMMENDATIONS IN THE DRAFT INDUSTRY COMMISSION REPORT

**Dr. Tony Sorensen**,
Department of Geography and Planning,
University of New England, Armidale

#### Introduction

The Industry Commission produced its draft report in late September 1993. It met with extreme hostility and vituperation among many unionists and members of the Labor Party. The report was construed as an attack on the working conditions of people living in locations already suffering from weak economic conditions and relatively high unemployment. There was also a feeling that the report's recommendations placed too much of the burden of structural change on low income earners, who are generally the victims of circumstance, and insufficiently considered such matters as poor quality management and the rights of individuals to live in communities where they experienced strong social ties.

Yet, much of the logic of the draft report seems irrefutable when each of the eighteen main recommendations is considered either separately or as a package. There is a real risk that many sensible ideas could be thrown out as a consequence of the report being branded with the perjorative right-wing economic rationalist label.

This article offers brief comments on what I take to be the key recommendations. My remarks represent my own analysis of the situation and are likely to arouse dissent in many quarters. Disagreement is the reader's prerogative, and I am quite happy to field any brick-bats thrown in my direction. Indeed, I welcome any communication on my remarks. Section numbers refer to the relevant part of the report. The recommendations are numbered in the sequence in which they appear, and those about which I do not comment are listed at the end for completeness.

1 The Commission considers that greater recognition needs to be given to the particular conditions faced by workplaces in different re-

gions when enterprise bargaining is undertaken. This would best be achieved under a system with:

- no restrictions on the terms and conditions covered by enterprise agreements (other than general minimum employment standards);
- freedom for employees to choose who may negotiate on their behalf at the workplace. (Section 4.5)

To be blunt, the IC is effectively saying that regions with high unemployment need to cut their wages and conditions if they are to compete effectively with more prosperous localities. Furthermore, the main impediment to this lies with centralised wage fixation mechanisms which tend to create excessively uniform conditions.

There are two things to be said in favour of this proposition. First, many labour market analysts are now convinced that the main causes of high unemployment in particular regions are excessive wages and their downward inflexibility in times of economic stress. Secondly, it is probable that the cost of living in many nonmetropolitan regions is lower than in our capital cities. This reflects lower housing prices and shorter journeys to work. Of course, the price of food and many consumer goods is often higher in regional Australia and will off-set some of the housing and transport savings.

2 The Commission supports the Commonwealth Government's intention to review the costs and benefits of the superannuation guarantee charge for casual and itinerant employees. The review also should examine the scheme's effects on employers of such labour. (Section 4.3)

The Commonwealth's 'super' policies are, however laudable their general thrust, doubtless expensive to implement for employers of casual and itinerant workers. As such they constitute a tax on labour and a potentially important block to job creation. This could be a serious problem in rural areas which traditionally employ many workers of this type. However, the size of the problem may prove less than expected if workers become self-employed and contract out their labour.

3 The Commission considers that social security arrangements, in conjunction with the tax system, are exacerbating problems of regional unemployment and recommends that the Commonwealth Government's Committee on Employment Opportunities examine these influences on unemployment and propose ways of dealing with them. (Section 4.2.5)

and

The Commission recommends that the Commonwealth Government maintain and entorce those provisions of the Social Security Act that aim to discourage people moving to regions with lower job prospects. (Section 5.5)

There is indisputable evidence that Australia's current social security system can ofter a pleasant lifestyle for the permanently unemployed. Attractive coastal resorts like Byron Bay or Airlie Beach or small rural service centres offer the prospects of cheap living in congenial surroundings. The incentive to find work in such places is relatively limited. One might legitimately ask if it is fair that tax-payers should have to support such lifestyles. I personally think not.

Recommendations 3 and 4 imply that social security payments should be tied more closely to serious attempts to find steady employment. This may be unpalatable for many communities, especially in rural and resort areas. These areas frequently depend on social security transfers to under-pin local business and to provide sufficient demand to keep schools and hospitals open. These recommendations, if implemented, may well accelerate the decline of many places.

They also raise the intriguing issue of the extent to which people deserve to be able to live at a reasonable standard of living wherever they choose. Few would question this right in the case of Aborigines. This is because their culture and consequent quality of life is inextricably tied to particular places. But what of the older unemployed who have lived in a closely-knit community all their lives? Should they be forced to move to find work? To what extent should tax-payers have to support younger people just because they have family or cultural ties in a locality and do not want to move? Should policy settings be ruled by the 'bottom line' or by 'compassion'? How much of the latter can the nation afford?

5 Greater flexibility in wages and work practices would, apart from increasing regional employment opportunities, provide greater potential for training and retraining by employers and thereby help redress the limited skills which are a cause of prolonged unemployment for many. (Section 6.3.1)

and

6 The Commission considers that DEET should assess the suitability of the various LMPs in meeting the needs of different regions, especially the capacity of smaller regions to satisfy program criteria. (Section 6.6)

These proposals are unexceptional. Skills training has long been an accepted recipe for lower unemployment and coping with structural change. Training is a more attractive investment for business and government where wages reflect employees' capabilities and workers have a

However, there are scores of LMPs that are barely understood by, and poorly adapted to, regional communities. Some reform in this area seems desirable. See also recommendation #15.

The Commission sees merit in State Governments, in consultation with local communities, initiating a process whereby the appropriateness of existing local government jurisdictions can be publicly evaluated. (Section 12.3.4)

See Frank Hurley's paper in this issue!.

8 The Commission considers that environmental regulations should be differentiated to take into account the circumstances of different regions. (Section 7.3.4)

This recommendation is, of course, anathema to the Green Lobby for whom environmental consistency and purity tends to be a touch-stone. Frankly, I cannot see where the problem is. In many circumstances, people are more important than some minor endangered species. [As an aside, we seem to have placed the question of species survival on an absurd pedestal given that numerous species must naturally become extinct through time. Perhaps we should instead be engineering some new species genetically to fill niches in this human dominated world!]

Equally, the survival of jobs and the communities that depend upon them may hinge on somewhat noxious industries that generate negative externalities for those in the vicinity. While effective land-use planning might ameliorate some of those effects, we should be careful about allowing the Not-In-My-Back-Yard (NIMBY) syndrome to operate too freely. We all know that environmental planning mechanisms are prone to capture by quite unrepresentative wowser groups bent on preventing industrial or property development.

11 Public infrastructure investments - whether in urban or country areas - should proceed only after comprehensive cost-benefit analysis. There should also be a requirement for publication of economic impact statements for major projects, to ensure greater transparency in the decision-making process. (Section 9.3.2)

This is blindingly obvious. Given Australia's debt and shortage of investment capital, it is verging on the criminal to commit funds to 'visionary' but highly risky projects without detailed and conservatively pitched appraisal. Unfortunately, generations of regional boosters think otherwise. For many of them, economic salvation is seen to lie with this or that road, railway or dam mercifully funded by some mug tax-payer located elsewhere.

Don't get me wrong. I'm all for vision. But somehow it has to be grounded in efficiency and reality.

13 The Commission recommends that where closures or downsizing of social infrastructure facilities within regions are being contemplated by State governments, the local community should be given the option of contributing directly to maintain the facilities. (Section 9.4.2)

This is likely to generate howls of outrage from affected communities on the grounds that they shouldn't be expected to pay more than most for basic social infrastructure services. However, this proposal strikes me as a good idea for two reasons. It will bring home savagely the high cost of running essential services in some smaller and remote communities. It will also force governments to open their internal management and accounting processes to closer public scrutiny.

As in item 11 above greater transparency in public decision-making could be an important bonus. Anything that leads to the more efficient and effective allocation of resources is generally welcome.

The Commission found that data on the 16 regional incidence of many labour adjustment assistance schemes was not forthcoming, and considers that such data should be collected and made available as a matter of course. (Section 11.4)

I couldn't agree more. There is woefully inadequate regional research in Australia. It is therefore difficult to ascertain adequately regional policy's effectiveness. Yet this task is crucial in discovering if we have defined the problem accurately, understood the causal processes at work, selected the right policy instruments, or implemented them effectively. In the absence of such analysis there is a real risk of tossing public money down a financial black hole.

The Commission considers that, where governments seek to sustain population in particular regions, there are advantages in approaches designed to make the regions concerned more attractive to capital generally, rather than sponsoring individual firms to locate there. (Section 12.3.2)

I think that this perspective applies more at the Commonwealth and State level where a lack of local knowledge makes 'picking winners' especially hazardous. Local development agencies are much more likely to be dealing with individual businesses. Philosophically I'm very attached to the idea of getting the 'big picture' right and creating an attractive investment climate nationally.

18 The Commission recommends that any Commonwealth programs directed at regional development be carried out in consultation with the States, which could also have greater responsibility for their delivery. (Section 12.3.3)

This is a wise position, and not just for the reason that the Constitution allocates the States responsibility for the development of their territories. The States should have a more accurate assessment than the Commonwealth of their strengths, weaknesses, opportunities and threats. These vary greatly across the continent. I am also a proponent of 'competitive federalism'. The clash of state interests is positively beneficial in many respects. It sharpens government administration; it tosses up more ideas and potential solutions to our problems; it aids fiscal and budgetary conservatism; it speeds reform; and so on.

The remaining recommendations are set out below.

- The Commission considers that the continued regulation of intrastate aviation and coastal shipping are impediments to regional adjustment and development. It reaffirms its support for the termination of the policy of cabotage for coastal shipping. (Section 8.2)
- The Commission is of the view that income tax zone rebates are preferable to FBT concessions in allowing for differences between remote and non-remote regions. However, on their own, the amounts available under the present system of income tax zone rebates are insufficient to compensate residents of remote regions for the lower levels of government service provision. (Section 8.5.1)•
- The Commission recommends that where there is genuine excess capacity, the valuation of assets should be reviewed and infrastructure services priced accordingly. Where two-part tariffs are in place, a policy that seeks to reduce access charges in order to attract new consumers would be preferred. (Section 9.4.1)
- The Commission recognises that such issues are much broader than the scope of this inquiry, but urges that the Commonwealth initiate a program of assessing specific options aimed at transferring additional revenue-raising capacity to the States (with commensurate reductions to Commonwealth taxes and grants to the States). (Section 10.2.3)
- Given the proliferation of labour market schemes and the substantial expenditure involved, the Commission recommends that there be an independent public review of their role and effectiveness. (Section 11.4).